

SHREE KARTHIK PAPERS LIMITED

BOARD OF DIRECTORS

Sri M.S. Velu
Chairman & Managing Director
Smt. S.S. Velu
Sri K. Arumugam
Sri P. Kanagavadivelu
Sri P.C. Narendran
Sri Vignesh Velu
Directors

AUDITORS

M/s. Giri & Co.
Chartered Accountants,
Coimbatore

REGISTERED OFFICE

CIN : L2102TZ1991PLC003570
25, 50 Feet Road, Krishnasamy Nagar
Ramanthapuram, Coimbatore-641 045
Phone : 0422 0422 4217174 Fax : 0422 0422 4217178
Email ID : shreekarthikpapers@yahoo.com

REGISTRAR AND SHARE TRANSFER AGENTS

S.K.D.C. Consultants Limited
Kanapathy Towers, III Floor
1391/A-1 Sathy Road, Ganapathy
Coimbatore-641 006

LISTED STOCK EXCHANGE

BSE Limited (Bombay Stock Exchange Limited)
Floor 25, P.J. Towers, Dalal Street
Mumbai-400 001

BANKERS

Indian Bank
Karur Vysya Bank Ltd.

23rd Annual General Meeting

Date : 29th December 2014
Day : Monday
Time : 3.00 P.M.
Venue : Sree Annapoorna Kalai
Arangam "Ganaga Hall"
R.S. Puram
Coimbatore - 641002
Book Closure Date : 23.12.2014 to 29.12.2014
(Both days inclusive)

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SHREE KARTHIK PAPERS LIMITED

NOTICE

NOTICE is hereby given that the **TWENTY THIRD** Annual General Meeting of the Members of **SHREE KARTHIK PAPERS LIMITED** will be held at Sree Annapoorna Kalai Arangam, Ganga Hall, East Arokiasamy Road, R.S. Puram, Coimbatore-641002 on Monday, 29th December 2014 at 3.00 P.M. to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the company for the year ended 31st March 2014 including the audited Balance Sheet as at 31st March 2014 and the Statement of Profit and Loss Account for the year ending 31st March 2014, together with the Reports of the Directors and the Auditors' Report thereon
2. To appoint a Director in place of Sri M.S. Velu (holding DIN 01682508) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors M/s. Giri & Co., Chartered Accountants, Coimbatore for a period of three years at the ensuing Annual General Meeting and to be ratified their appointment every year in the Annual General Meeting and fix their remuneration.

AS SPEICAL BUSINESS

4. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

Appointment of Independent Directors of the company

"Resolved that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act,

2013, Sri Kandasamy Arumugam (holding DIN 01876085), Director of the company be and is hereby appointed as an Independent Director of the company at the ensuing Annual General Meeting to hold office for five consecutive years for a term up to 31st March 2019".

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

Appointment of Independent Directors of the company

"Resolved that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri Palanisamy Kanagavavelu (holding DIN 01856028), Director of the company be and is hereby appointed as an Independent Director of the company at the ensuing Annual General Meeting to hold office for five consecutive years for a term up to 31st March 2019".

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

Appointment of Independent Directors of the company

"Resolved that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri Chinna Palanisamy Narendran (holding DIN 00090432), Director of the company be and is hereby appointed as an Independent Director of the company to hold office for five consecutive years for a term up to 31st March 2019".

By Order of the Board

(Sd./-) M.S. Velu

Chairman and Managing Director

Place : Coimbatore

Date : 21.08.2014

SHREE KARTHIK PAPERS LIMITED

NOTES FOR THE MEMBERS' ATTENTION

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. The instrument appointing proxy should however be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the company will remain closed from 24th December 2013 to 30th December 2013 (both days inclusive)
3. Members are requested to notify change of address, if any, with Pin Code quoting reference to their folio number immediately to the Registrar.

Place : Coimbatore

Date : 21.08.2014

4. Shareholders are requested to note that the Company's Registrars and Share Transfer Agents for physical shares are M/s SKDC Consultants Limited (SKDC), Ganapathy Towers 3rd Floor, 1391/1 Sathy Road, Ganapathy, Coimbatore - 641 006.
5. Re-appointment of Directors

At the ensuing Annual General Meeting, Sri. M.S. Velu and Smt. S.S. Velu retire by rotation and being eligible, offer for re-appointment. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the statement on Corporate Governance published in this Annual Report.

By Order of the Board

(Sd./-) M.S. Velu

Chairman and Managing Director

Details of Director seeking appointment/re-appointment in the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name	Sri. M.S. Velu
Date of Birth	01.02.1943
Date of Appointment	18.12.1991
Expertise in functional areas	General Management
No. of shares held	9719120
List of Directorships held in other Companies	Shree Ganesh Gears Pvt. Ltd

SHREE KARTHIK PAPERS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your company take pleasure in presenting you the Twenty Second Annual Report and the Audited Accounts for the year ended 30th June 2013.

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	30.06.2013	30.06.2012
Gross Income	3247.26	3016.75
Profit before Interest and Depreciation	243.04	225.95
Financial Charges	183.51	139.12
Profit /(Loss) before Depreciation	59.53	86.82
Profit /(Loss) after Depreciation	12.24	48.22
Prior period adjustments		—
Provision for Current Tax		
Provision for Fringe Benefit Tax		
Deferred Tax	-	7.31
Net Profit/(Loss) after tax	12.24	40.91

DIVIDEND

The Board of Directors do not recommend to pay a Dividend for the year ended 30th June 2014 in view of the accumulated losses.

FUTURE OUTLOOK

1. Newsprint is being imported at "Nil" duty at very low rates due to dumping by foreign manufacturers and this has depressed the demand and prices of newsprint manufactured by Indian Paper Mills, thereby also affecting the demand of writing and printing paper as newsprint capacities are being diverted to writing and printing paper manufacture.
2. The installed capacity for writing and printing paper has increased significantly in the last four years, thereby affecting the demand as well as prices of the paper manufactured by your company.
3. The continued power shortage in Tamilnadu has affected the utilization levels and has increased the energy costs.
4. Measures are being taken to save costs and rationalize operations, they are likely to yield positive results.

DIRECTORS

In accordance with the Companies Act 2013, Shri K. Arumugam, Shri P. Kanagavadivelu and Shri C.P. Narendran are to be appointed as Independent Directors for a period of five consecutive years at the ensuing Annual General Meeting.

Shri M.S. Velu, Director is due to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION FOREIGN EXCHANGE

EARNINGS AND OUTGO

The required details in accordance with section 134(m) of the Companies Act 2013 read with the Companies (Disclosure of particulars in the Report of Directors) Rules 1988 are given in Annexure-1 forming part of the report.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 134 (5) of the Companies Act, 2013, your Directors wish to confirm that -

- i. In the preparation of the annual accounts, the applicable Accounting Standards have been followed.

SHREE KARTHIK PAPERS LIMITED

- ii The Accounting Policies adopted are consistently followed and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit/(Loss) of the Company for the year.
- iii The Directors have taken proper and sufficient care as warranted for the maintenance of adequate accounting records in accordance with the provisions of this Act in safeguarding the assets of the Company and for preventing/detecting any incidence of frauds and other irregularities.
- iv The Annual Accounts have been prepared on a going concern basis.
- v The Directors had laid down internal financial controls to be followed by the company and that such internal controls are adequate and were operating effectively
- vi The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Company has adopted appropriate standards for good Corporate Governance. All the mandatory provisions of Corporate Governance as prescribed under the amended Listing Agreements of the Stock Exchange, with which the Company is listed, are complied with. Report on Corporate Governance with Management Discussion and Analysis as required under the Listing Agreements with the Stock Exchange forms part of the Annual Report.

In terms of sub-clause (v) of Clause 49 of Listing Agreement, certificate of the CEO, *inter alia*, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of the said Clause is also annexed as part of the said Report. A certificate from the auditors to this effect is annexed as part of the Corporate Governance Report.

LISTING PARTICULARS

The Equity Shares of the Company are listed on the Bombay Stock Exchange Ltd., Mumbai. The company has paid the listing fees to Bombay Stock Exchange up to 2014-15.

DEPOSITORY SYSTEM

As the members are aware, your company's shares are tradable compulsorily in electronic form and your company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialization of the Company's shares on either of the Depositories as aforesaid.

AUDITORS

In accordance with the Companies Act 2013, the Statutory Auditors of the Company, Messrs Giri & Co., Chartered Accountants, will be appointed as Statutory Auditors of the Company for a period of three years at the conclusion of the ensuing Annual General Meeting and ratify every year for their re-appointment.

EMPLOYEES RELATIONS

The Directors would like to place on record the cordial relations enjoyed with the employees by the company.

ACKNOWLEDGEMENTS

Your Directors record with a deep sense of gratitude to the working capital bankers for the excellent support and cooperation rendered by them to the company. Your Directors are thankful to its valuable customers, esteemed stakeholders and business associates for their continued support and the confidence reposed in the Company and its Management.

For and on behalf of the
Board of Directors
(Sd./-) M.S. Velu
Chairman and
Managing Director

Place : Coimbatore

Date : 21.08.2014

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ANNEXURE 1

INFORMATION PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988, FORMING PART OF THE REPORT OF THE DIRECTORS

The Company is implementing adequate measures for reduction of consumption of energy. Total energy consumption and consumption per unit of production in Form A

CONSERVATION OF ENERGY

For the years ended on 31 st March		30.06.2014	30.06.2013	
A Power and Fuel Consumption				
1	Electricity			
A	Purchased	KW Hr	5828808	5828808
	Total amount	Rs.	3,06,47,460	3,06,47,460
	Rate per Unit	Rs.P.	5.50	5.50
B	Generation for captive usage	KW Hr		
	Through Diesel/Generator		Nil	Nil
	Through Steam/Generator		Nil	Nil
2	Furnace Oil		Nil	Nil
3	Fuel : DOB and Saw Dust			
	Quantity (in tones)		8915.53	8915.53
	Amount (Rs.)		1,88,61,871	1,88,61,871
4	Consumption per unit of Production			
A	Electricity units per ton		509.97	509.97
B	Others DOB units per ton		0.78	0.78

B Technology Absorption

Indigenous and upgraded technology alone are used

C Foreign Exchange Earnings and Outgo

A	Steps are being taken to explore the possibility of exporting of writing and printing papers.			
B	Total Foreign Exchange earned and used excluding capital goods Component and spares.	Earned Used	Nil Nil	Nil Nil

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ANNEXURE 2

1. Industry structure and Developments

Paper industry is one among the high priority industries. The five year plan period 2012-17 concentrates on accelerating growth for Paper Industry. The continuous demand for increase in paper will require a considerable increase in supply from indigenous producers. Out of total paper mills in India, two thirds of the Mills use waste paper, agricultural wastes like straw dust, as their primary fiber source. The non availability of natural resources will automatically increase the demand of product from industries using Recycled/waste paper as their raw material.

2. Opportunitie and Threads

The growth rate of recycled paper industry is assumed to increase by 10% per year. There are good growth opportunities and increase in demand. The excise duty has increased from Nil duty to 6.18% and this is one of the major burden on the industry. The major raw materials procurement from Mills using waste paper industry is from unrecognized sector. This accounts is for around 95% of total raw materials procurement. This affects continuous supply of raw material to the industry.

3. Outlook

The trend in consumption of papers and notebooks and eco friendly papers are increasing continuously. It will result in good demand for the industrial product.

4. Risk and concerns

- a. Non availability of raw materials in a continuous manner
- b. Frequent power cuts and power fluctuation
- c. Expansion of production capacity requires heavy capital investment.

5. Internal control

Internal control systems are designed to provide adequate financial control and accounting control and to implement accounting standards.

6. Material Development in Human Resources/ Industrial Relations Front including number of employees employed

Cordial relations have been maintained in the company. The company had 61 ~~no.-of~~ employees as on June 2014.

7. Caution

The views and statements expressed or implied in the Management discussion and analysis are based on available information, experience and our own assessment.

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ANNEXURE 2

REPORT ON CORPORATE GOVERNANCE

Your Company reports total compliance of the mandatory provisions of the Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges. Furnished below is a Report on the implementation thereof.

A. Mandatory Requirements

I. Company's Philosophy on Code of Corporate Governance

Your Company firmly believes in good Corporate Governance and envisages the attainment of transparency in all matters of Management of the Company and in reporting to the shareholders and all others concerned.

Your Company has complied with the requirements of the Corporate Governance Code, the disclosure requirements of which are given below:

II. Board Of Directors

a. Board Meetings

The Board meets at least once every quarter to review the quarterly results and where expediency demands, additional meetings are held. The Board is apprised and informed of all the important information relating to the business of the company including those listed in Annexure-1A of Clause 49 of the Listing Agreement.

b. Number of Board meetings held during the year

Five Board Meetings were held during the year 2013-14 and the gap between two consecutive meetings did not exceed four months. The dates on which the Board Meetings held were 21.08.2013, 31.10.2013, 30.12.2013, 12.02.2014 and 06.05.2014

c. Directors attendance record at the Board Meetings and the last AGM

Name of Director	Category	No. of Board Meetings attended	Attended at the last AGM
Sri M.S. Velu	Chairman & Managing Director	5	Present
Smt. S.S. Velu	Director	5	Present
Sri K. Arumugam	Independent Non Executive	5	Present
Sri P.Kanagavadivelu	Independent Non Executive	5	Present
Sri P.C. Narendran	Independent Non Executive	5	Present
Sri Vignesh Velu	Executive Director	5	Present

d. Number of other Companies or Committees the Director of the Company is a Director/Member Chairman

Name of Director	No. of Directorship in Other companies	
	Chairman	Member
Sri M.S. Velu	1	
Smt. S.S. Velu	Nil	1
Sri K. Arumugam	Nil	Nil
Sri P. Kanagavadivelu	Nil	Nil
Sri P.C. Narendran	Nil	Nil
Sri Vignesh Velu	Nil	1

SHREE KARTHIK PAPERS LIMITED

The Company did not have any pecuniary relationship with any of the Non-Executive Directors during the year 2013-14

e. **Information supplied to the Board**

Among others, information supplied includes

- A. review of annual operating plans of business, capital budgets
- B. quarterly results of the company and its operating divisions or business segments.
- C. minutes of meeting of audit committee and other committees
- D. materially important show cause, demand, prosecution and penalty notices
- E. fatal or serious accidents or dangerous occurrences
- F. any materially significant problems
- G. non compliance of any regulatory or statutory provision or listing requirements as well as share holder services
- H. details of any joint venture or collaboration agreement
- I. transactions that involve substantial payment towards goodwill, brand equity or intellectual property

III. COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee comprises of Sri K. Arumugam as its Chairman and Sri P. Kanagavadivelu and Sri P.C. Narendran as Members.

The Audit Committee is responsible for reviewing a wide range of financial matters including the quarterly and annual accounts before their submission to the Board and monitoring the controls that are in force to ensure the integrity of the financial information reported to the shareholders. The Audit Committee advises the Board on the appointment of Statutory and Internal Auditors and on their remuneration, both for audit and non-audit work and discusses the nature and scope of their audit. The Committee is also responsible for implementing the recommendations of the Board arising from its review of the internal control and risk assessment report. The terms of reference to the Audit Committee include the areas specified under sub clauses D & E of Clause 49 II and Disclosures under Clause 49IV(A) of the Listing Agreement. The Audit Committee has been granted powers as prescribed under Clause 49II(C). Thus, the terms of reference of the Audit Committee are wide enough to cover matters specified below:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if, required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

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4. Reviewing with the Management, the annual financial statements before submission to the Board for approval with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of 134(5) of the Companies Act 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgement by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the Management, performance of statutory auditors and adequacy of the internal control systems
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
9. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

The Audit Committee met 5 times during the year 2013-14 on 21.08.2013, 31.10.2013, 30.12.2013, 12.02.2014 and 06.05.2014

The Company has complied with the requirements of Clause 49 II A as regards the composition of the Audit Committee and the details of meetings attended by the Directors are given below:

Names of Members	Category	Number of meetings attended
Sri K.Arumugam	Independent, Non-Executive	5
Sri P.Kangavadivelu	Independent, Non-Executive	5
Sri P.C. Narendran	Non-Independent, Executive	5

Stakeholders Grievance Committee

The Stakeholders' Grievance Committee is constituted to address and redress investors complaints such as transfer of shares, non-receipt of annual accounts, non-receipt of dividend warrants and to ensure expeditious share transfer process. The Committee comprises of Sri K. Arumugam as the Chairman, Sri M.S. Velu and Smt. S.S. Velu as its members. ~~The Director~~ Sri Vignesh Velu, ~~Executive Director~~ acts as the Secretary of the Committee.

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The Committee met five times during the year 2013-14 on 21.08.2013, 31.10.2013, 31.12.2013, 12.02.2014 and 06.05.2014

No investor grievance remained unattended/pending for more than 15 days and no request for share transfers and dematerialization received during the financial year was pending for more than 15 days.

The Composition of the Stakeholders Grievance Committee and details of the meetings attended by the Directors are as under:

Names of Members	Category	Number of meetings attended
Sri. K. Arumugam Committee Chairman	Independent, Non-Executive	5
Sri. M.S. Velu	Non-Independent, Non-Executive	5
Smt. S.S. Velu	Non-Independent, Non-Executive	5

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises three Independent Non-Executive Directors viz. Sri K. Arumugam as its Chairman, Sri P. Kanagavadivelu and Sri C.P. Narendran as its members. The Committee is responsible for recommending the contract terms, remuneration and other benefits for Company's Managing/Whole time Directors.

Remuneration Policy

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) to Whole-time Directors. Salary is paid within the range approved by the shareholders. Effective 1st April each year, annual increments as recommended by the Nomination and Remuneration Committee are approved by the Board of Directors.

Remuneration of Directors, sitting fees, salary and perquisites

Remuneration payable to the managerial personnel is approved by the members at the General Meeting of the company. Remuneration consists of a fixed salary, perquisites, contribution to Provident fund. Commission is calculated on the net profits of the company.

The Board of Directors decides the remuneration of Non-Executive Directors which is at present "Nil"

IV. MANAGEMENT

a. Management Discussion and Analysis

The Directors' Report includes details of Management Discussion and Analysis of business of the company. As required under Clause 49(V) of the Listing Agreement, the CEO Certification of the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting is enclosed to this Report.

b. Disclosures by the Management to the Board

All details relating to financial and commercial transactions where Directors may have pecuniary interest are provided to the Board and the interested Directors neither participate in the discussion nor do they vote on such matters.

SHREE KARTHIK PAPERS LIMITED

V. GENERAL BODY MEETINGS

General Body Meetings during last three years

Financial Year	Date	Time	Venue
2010-11	26.12.2011	3.30 P.M.	Sree Annapoorna Kalaiarangam, R.S. Puram, Coimbatore
2011-12	31.12.2012	3.00 P.M.	Sree Annapoorna Kalaiarangam, R.S. Puram, Coimbatore
2012-13	30.12.2013	3.00 P.M.	Sree Annapoorna Kalaiarangam, R.S. Puram, Coimbatore

VI. Disclosures

There are no materially significant party transactions that would have potential conflict with interests of the company at large.

VII. Means of Communication

The Company is publishing quarterly un-audited financial results in Trinity Mirror (English and Makkal Kural (Tamil) regularly.

IX. The Profile of Directors retiring by rotation eligible for re-appointment

1. The profile of Directors retiring by rotation eligible for re-appointment

Sri M.S. Velu Has a degree with Honours in Electrical Engineering and has over 40 years experience in the industry.

X. General Shareholders' Information

Annual General Meeting:

Date of Book Closure : 23.12.2014 to 29.12.2014 (both days inclusive)
Day & Date : 29th December 2013
Time : 3:00 P.M.
Venue : Sree Annapoorna Kalai Arangam, 75 East Arokiasamy Road, R.S.Puram, Coimbatore-641002

Listing on Stock Exchanges : The Company is listed on Bombay Stock Exchange Limited. The annual listing fee has been paid upto 2014-15 and there is no outstanding payment towards the Exchange as on date.

Stock Code : Bombay Stock Exchange Ltd. – 516106

Financial Calendar (tentative)

First Quarter Results: Fourth week of October, 2014
Second Quarter/Half-Yearly Results: Fourth week of January, 2015
Third Quarter Results: Fourth week of May, 2015

XI. Registrar and Transfer Agents

M/s. S.K.D.C. Consultants Limited

Kanapathy Towers 3rd Floor, 139/1A-1 Sathy Road, Ganapathy, Coimbatore 641 006, Tamilnadu
Phones:(0422)2539835, Fax:(0422) 2539837 Email address: info@skdc-consultants.com

SHREE KARTHIK PAPERS LIMITED

XII. Share transfer system

The Share transfers are registered and returned within a period of 15 days from the date of receipt, if the documents are in order. The share transfers are approved by the Share Transfer Committee.

XIII. Shareholding Pattern as on 30th June 2014

Description of Investors	Number of shares held	Percentage of holding
Promoters	14241700	74.52
Mutual Funds, Banks, Financial Institutions & Insurance Companies	1047800	5.48
Foreign Institutional Investors	95100	0.50
NRI and OCBs		
Private Corporate Bodies	479700	2.51
Indian Public	3245700	16.99
Total	19110000	100.00

XIV. Distribution of Shareholding as on 30.06.2014

In Value	No. of share holders	%	Amount	%
Upto 5000	5515	96.13	4587000	4.80
5001 - 10000	74	1.29	581500	0.61
10001 - 20000	51	0.89	734500	0.77
20001 - 30000	39	0.68	991500	1.04
30001 - 40000	12	0.21	421500	0.44
40001 - 50000	11	0.19	519000	0.54
50001 - 100000	10	0.17	742500	0.78
100001 and above	25	0.44	86972500	91.02
Total	5737	100.00	95550000	100.00

Xv. Plant Location

Puliyangandi Aliyar Nagar
Kottur Village
Pollachi Taluk

XVI Address for Correspondence

No.25, 50 Ft Road
Krishnasamy Nagar
Ramanathapuram
Coimbatore-641045

SHREE KARTHIK PAPERS LIMITED

Declaration by the CEO under Clause 49 of the Listing Agreement

As per the revised clause 49 of the Listing Agreement with the Stock Exchange, the Board of Directors of the company has laid down the code of conduct for the Directors and the senior management personnel. The Annual Report of the company shall contain a declaration to this effect signed by CEO of the company.

I hereby declare that

1. Code of conduct adopted by the Board was circulated to the members of the Board and senior management personnel of the company.
2. All members of the Board and Senior Management Personnel of the company have complied with all provisions of the code of conduct.

Place : Coimbatore

Date : 21.08.2014

For and on behalf of the Board

(Sd./-) M.S. Velu

Chairman & Managing Director & CEO

Certificate of Compliance with the Corporate Governance requirements under Clause 49 of the Listing Agreement

AUDITORS' CERTIFICATE

The Members of
M/s. Shree Karthik Papers Limited
Coimbatore

We have reviewed the implementation of Corporate Governance procedures by M/s. Shree Karthik Papers Limited (the company) during the year ended 30th June 2014 with the relevant records and documents maintained by the company, furnished to us for our review and the report of Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company in ensuring the compliance of conditions of Corporate Governance as stipulated in the above mentioned clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

We have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for the review and the information and explanations given to us by the company.

Based on such review, in our opinion, the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place : Coimbatore

Date : 21.08.2014

For Giri & Co.
Chartered Accountants

(Sd./-) **R. Giri**
Senior Partner

Membership Number : 25458

SHREE KARTHIK PAPERS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of

M/s. SHREE KARTHIK PAPERS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **M/S. SHREE KARTHIK PAPERS LIMITED** ("the company"), which comprise the Balance Sheet as at June 30, 2014, and the statement of Profit and Loss for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in Sub-Section (3C) of section 211 of the Companies Act, 1956 ("the act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriateness in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting principles generally accepted in India:

(a) in the case of the Balance sheet, of the state of affairs of the Company as at June 30, 2014;

SHREE KARTHIK PAPERS LIMITED

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet and the statement of Profit and loss dealt with by this Report are in agreement with the books of account
 - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India; and
 - e) On the basis of the written representations received from the directors as on June 30, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on June 30,2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Giri & Co.
Chartered Accountants

(Sd./-) **R. Giri** BCom FCA FCMA BL
Senior Partner
Membership Number : 25458

Place : Coimbatore
Date : 21.08.2013

SHREE KARTHIK PAPERS LIMITED

ANNEXURE TO THE AUDITORS' REPORT

(Referred to our report of even date)

1. The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. As per the information and explanations given to us, fixed assets have been physically verified by the Management at reasonable intervals, and discrepancies (if any) noticed on verification during the year have been properly adjusted in the books of accounts.
3. The company has not disposed off substantial part of fixed assets during the year under review.
4. As per the information and explanations given to us, inventories have been physically verified at reasonable interval during the year by the Management.
5. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
6. a) The Company has not granted any loans secured or unsecured loan to companies , Firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
b) The company has taken Unsecured loans from the parties covered in the register maintained u/s 301 of the Companies Act 1956.

During the year the company has financial transactions with the Directors as detailed below:

Name of the Directors	Balance as on 01.07.2013	Balance as on 30.06.2014
M.S. Velu Managing Director	Rs.11,12,63,140/-	Rs.15,93,19,850/-
S.S. Velu Director	Rs.81,58,007/-	Rs.2,12,42,544/-
Vignesh Velu Executive Director	Rs.33,71,898/-	Rs.1,67,96,408/-

7. In our opinion the rate of interest and other terms and conditions of loans taken/ granted by the company, secured or unsecured from the parties listed in the register maintained u/s 301 of the Companies Act 1956, are prima facie not prejudicial to the interest of the company.
8. According to the information and explanations given to us, there is adequate internal control procedures commensurate with the size of the company and the nature of it's business, for the purchase of inventories and fixed asset and with regard to sale of goods and services. In our opinion, the internal control is required to be further strengthened.
9. As per the information and explanation given to us, the transactions that need to be entered have been entered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, those transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
10. According to the information and explanations given to us the company has not accepted deposits from the public.

SHREE KARTHIK PAPERS LIMITED

11. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
12. According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund; employees state insurance, income tax, sales tax, wealth tax, service tax, cess and any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues outstanding as at 30th June, 2014 for a period of more than six months from the date they became payable.
13. According to the information and explanation given to us, the following dues have not been deposited on account of disputes. The company is confident of getting these claim quashed as the demands have been raised only on technical grounds.

Sl. No.	Name of the Statute	Nature of Dues	Forum where dispute pending	Amount Rs.
a.	Sales Tax 1995-1996	Penalty	Sales Tax Appellate. Tribunal (AB) (Appeal pending)	2,21,858
b.	1999-2000 (CST)	Tax Penalty	The Appellate Asst. Commissioner(Ct.)Cbe., (Appeal pending)	15,88,951 17,99,951
c.	2000-2001 (CST)	Tax Penalty	The Appellate Asst. Commissioner(Ct.) Cbe., (Appeal pending)	27,61,182 29,43,768
d.	2003-2004 (CST)	Tax	Sales Tax Appellate Tribunal (AB) (Appeal pending)	4,44,575
e.	2004-2005 (CST)	Tax Penalty	The Appellate Asst. Commissioner(Ct.)Cbe., (Appeal pending)	15,25,088 16,02,309
f.	2004-2005 (TNGST)	Tax Penalty	The Appellate Asst. Commissioner(Ct.)Cbe., (Appeal pending)	1,17,030 58,515
g.	2006-2007 (Income Tax)	Tax	CIT (Appeals) Cbe.,	58,40,144

15. The Company has accumulated losses. The company has not incurred cash loss in the current year covered under this report .
17. According to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
18. According to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

SHREE KARTHIK PAPERS LIMITED

19. The company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
20. Fund raised on short- term basis has not been used for long-term investment.
21. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
22. The company has not created securities in respect of debentures issued.
23. The company has not raised money by public issue during the year.
24. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For Giri & Co.
Chartered Accountants
(Sd./-) **R. Giri** BCom FCA FCMA BL
Senior Partner
Membership Number : 25458

Place : Coimbatore
Date : 21.08.2014

SHREE KARTHIK PAPERS LIMITED

BALANCE SHEET AS AT 30th JUNE.2014

Amt in Rs.

Particulars	Note	As at 30.06.2014	As at 30.06.2013	
EQUITY AND LIABILITIES				
SHAREHOLDER'S FUND				
5,550,000	Share Capital	2.1	95,550,000	95,550,000
2,294,009)	Reserves & Surplus	2.2	(17,979,398)	(19,203,065)
NON CURRENT LIABILITIES				
4,886,712	Long Term Borrowings	2.3	24,480,846	24,652,845
	Deferred Tax Liabilities (Net)	2.4	4,289,425	4,289,425
CURRENT LIABILITIES				
	Short Term Borrowings	2.5	197,358,802	122,793,136
	Short Term Provisions	2.8	1,388,508	1,343,698
	Trade Payables	2.6	10,293,320	8,347,521
	Other Current Liabilities	2.7	4,821,442	4,390,038
TOTAL			320,202,945	242,163,598
ASSETS				
NON CURRENT ASSETS				
	Fixed Assets			
	Tangible Assets	2.9	129,190,787	106,118,660
	Deferred Tax Assets(Net)	2.4	-	-
	Long-Term loans and advances	2.10	12,231,632	10,942,340
	Non current Investments	2.11	28,646,500	8,500
CURRENT ASSETS				
	Inventories	2.12	107,022,177	86,690,033
	Trade Receivables	2.13	36,731,470	32,185,065
	Cash and Cash equivalents	2.14	1,368,934	1,190,647
	Short Term Loans and Advances	2.15	5,011,446	5,028,353
	Other Current Assets		-	-
TOTAL			320,202,945	242,163,598

Significant Accounting Policies
and Notes on accounts

1 & 2

(Sd./-) M.S. VELU
Chairman and Managing Director

(Sd./-) Mrs. S.S VELU
Director

As per our report of even date
For **Giri & Co.**,
Chartered Accountants
F.R.No. 006702S

(Sd./-) R. GIRI
Senior Partner
M.No 025458

Place : Coimbatore
Date : 21.08.2014

SHREE KARTHIK PAPERS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30th, JUNE 2014

		Amt in Rs.	
Particulars	Note	Year ended 30.06.2014	Year ended 30.06.2013
INCOME			
Revenue from Operations	2.16	324,726,288	301,675,041
Other Income	2.17	972,581	989,735
Total Revenue		325,698,868	302,664,776
EXPENSES			
Cost of material consumed	2.18	207,994,729	200,574,443
Changes in Inventories of Finished Goods, WIP & Stock - in - Trade	2.19	(6,840,503)	(8,966,133)
Employee Benefits Expenses	2.20	12,889,405	11,211,472
Other Expenses	2.22	87,351,386	77,249,859
Total Expenses		301,395,017	280,069,640
Profit before Finance costs, Depreciation and Amortisation Expenses		24,303,851	22,595,136
Finance Costs	2.21	18,351,009	13,912,335
Profit before Depreciation and Amortisation Expenses		5,952,842	8,682,801
Depreciation and amortisation expenses	2.9	4,729,175	3,861,296
PROFIT BEFORE TAX		1,223,667	4,821,505
Tax expense:			
Current tax	-	-	
Deferred tax(Net)		-	730,560
PROFIT FOR THE PERIOD		1,223,667	4,090,945
EARNINGS PER EQUITY SHARE			
Equity shares of par value Rs..10/-each			
Basic		0.06	0.21
Diluted		0.06	0.21
Number of shares used in computing earnings per share			
Basic		19,110,000	19,110,000
Diluted		19,110,000	19,110,000
Significant Accounting Policies and Notes on accounts	1 & 2		

(Sd./-) **M.S. VELU**
Chairman and Managing Director

(Sd./-) **Mrs. S.S VELU**
Director

As per our report of even date
For **Giri & Co.**,
Chartered Accountants
F.R.No. 006702S

(Sd./-) **R. GIRI**
Senior Partner
M.No 025458

Place : Coimbatore
Date : 21.08.2014

SHREE KARTHIK PAPERS LIMITED

2. NOTES ON ACCOUNTS

The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current presentation.

Particulars	Amt in Rs.	
	As at June 30, 2014	As at June 30, 2013

2.1 - SHARE CAPITAL

AUTHORISED

2,00,00,000 Equity Shares of Rs.5/- each	100,000,000	100,000,000
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ISSUED, SUBSCRIBED AND PAID UP

1,91,10,000 Equity Shares of Rs.5/- each fully paid up.	95,550,000	95,550,000
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DETAILS OF SHARE HOLDING MORE THAN 5% AS ON BALANCESHEET DATE:-

Name of the Share Holder	No. of Equity Shares	% of Holding
M.S Velu	10,819,120	56.61%
Selvambal	4,256,580	22.27%
Industrial Development Bank of India	1,000,000	5.23%

RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING:

Particulars	As at June 30, 2014	As at June 30, 2013
Number of Shares at the beginning	19,110,000	19,110,000
Add / (Less) : Share issued / Transfer	-	-
Number of Shares at the end	19,110,000	19,110,000

2.2 - RESERVES & SURPLUS

STATEMENT OF PROFIT & LOSS ACCOUNT

Opening Balance	(20,583,065)	(24,674,009)
Add: Current Year Profit transferred from <i>Statement of Profit & Loss</i>	1,223,667	4,090,944
Amount available for Appropriations	(19,359,398)	(20,583,065)
Less: Appropriations	-	-
Closing Balance	(19,359,398)	(20,583,065)
Share Premium Account	-	-
	(19,359,398)	(20,583,065)

CAPITAL RESERVE

Opening Balance	1,380,000	1,380,000
Add: Current Year Profit transferred from <i>Statement of Profit & Loss</i>	-	-
Amount available for Appropriations	1,380,000	1,380,000
Less: Appropriations	-	-
Closing Balance	1,380,000	1,380,000

TOTAL

	(17,979,398)	(19,203,065)
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SHREE KARTHIK PAPERS LIMITED

Particulars	Amt in Rs.	
	As at June 30, 2013	As at June 30, 2012
2.3- LONG TERM BORROWINGS		
Term Loan from Banks	-	-
Loans and Advances from Others		
Interest Free Sales Tax Loan	24,480,846	24,652,845
TOTAL	24,480,846	24,652,845
2.4- DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Assets	-	-
Deferred Tax Liabilities	4,289,425	4,289,425
	4,289,425	4,289,425
2.5- SHORT TERM BORROWINGS		
From Related Parties - Unsecured:-		
Shri M.S.Velu	159,319,850	111,263,140
Smt. S.S.Velu	21,242,544	8,158,007
Shri Vignesh Velu	16,796,408	3,371,989
TOTAL	197,358,802	122,793,136
2.6 - TRADE PAYABLES		
Due to Micro and Small Enterprises	-	-
Sundry Creditors - Supplies	10,293,320	8,347,521
TOTAL	10,293,320	8,347,521
2.7 - OTHER CURRENT LIABILITIES		
Other Payables		
- Staff (salary)	634,249	61,635
- Expenses-EB	1,906,470	2,422,469
Excise Duty Payable	1,588,112	1,725,605
TDS Payable	231,476	180,329
PF Payable	79,841	-
Sales Tax payable	381,294	-
TOTAL	4,821,442	4,390,038
2.8 - SHORT TERM PROVISIONS		
Provision for Exgratia & Bonus	492,696	447,886
Provision for Gratuity	895,812	895,812
TOTAL	1,388,508	1,343,698

SHREE KARTHIK PAPERS LIMITED

ASSET DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 01.07.2013	Additions (Rs.)	(Deletions) Rs.	As on 30.06.2014	Upto 01.07.2013	Withdrawn	For the year	Upto 30.06.2014	As on 30.06.2014	As on 30.06.2013
Land & Land Development	1,356,905			1,356,905	-		-	-	1,356,905	1,356,905
Garden Development	137,500			137,500	-		-	-	137,500	137,500
Building	33,444,496	-	-	33,444,496	14,897,271		619,477	15,516,748	17,927,748	18,547,225
Plant & Machinery	157,747,360	17,033,554	-	174,780,914	94,473,097		2,749,287	97,222,384	77,558,530	63,274,263
Electrical Installations & Fittings	31,328,244	51,222		31,379,466	14,754,594		788,796	15,543,390	15,836,076	16,573,650
River Pipeline	7,786,464			7,786,464	5,626,984		239,054	5,866,038	1,920,426	2,159,480
Furniture & Fittings	853,592			853,592	521,202		21,040	542,242	311,350	332,390
Office Equipments	1,573,562	42,058	-	1,615,620	663,726		44,026	707,753	907,867	909,836
Motor Vehicles	4,177,355			4,177,355	1,385,000		265,274	1,650,274	2,527,081	2,792,355
Miscellaneous Assets	73,637			73,637	38,580		2,219	40,799	32,838	35,057
TOTAL	238,479,115	17,126,834	-	255,605,949	132,360,455		4,729,175	137,089,629	118,516,320	106,118,660
Capital work in Progress	-	10,674,467	-	10,674,467	-	-	-	-	10,674,467	-
TOTAL (A+B)	238,479,115	27,801,301	-	266,280,416	132,360,455		4,729,175	137,089,629	129,190,787	106,118,660

SHREE KARTHIK PAPERS LIMITED

Particulars	Amt in Rs.	
	As at June 30, 2014	As at June 30, 2013
2.10 - LONG TERM LOANS & ADVANCES		
Security Deposits	-	-
Secured, Considered good:		
Advances receivable in cash or kind	692,800	906,000
Deposits-Others	8,090,513	7,447,268
Deposits with excise Departments	-	76,702
Sales Tax Advance	3,448,319	2,512,370
TOTAL	12,231,632	10,942,340
2.11 - NON CURRENT INVESTMENTS		
Government Securities		
Indra Vikas Patra	8,000	8,000
National Saving Certificate	500	500
18,00,000 Equity shares fully paid in Shree Ganesh Gears P Ltd	28,638,000	-
TOTAL	8,500	8,500
2.12 - INVENTORIES		
Stores	17,886,948	19,607,469
Raw Materials	36,327,941	19,439,045
Work in process	19,445,500	17,974,693
Finished Goods (Other than acquired in Trading)	31,431,736	26,962,040
Fuel	1,030,052	1,078,684
Branch Stock	900,000	1,628,102
TOTAL	107,022,177	86,690,033
2.13 - TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured	-	-
Other Trade Receivables	36,731,470	32,185,065
TOTAL	36,731,470	32,185,065
2.14 - CASH & CASH EQUIVALENTS		
Cash on Hand	322,420	448,673
Balance with Banks		
Canara Bank - Sungam Branch	5,527	5,527
Federal Bank of India	11,519	11,519
Indian Bank - Ramanathapuram	869,332	542,937
Catholic Syrian Bank	42,749	42,749
SBI Coimbatore	4,125	4,125
SBI - HBR	1,425	1,425
State Bank of Hyderabad	866	866
The Karur Vysya Bank Ltd	10,531	32,386
Vysya Bank Application Money	100,440	100,440
TOTAL	1,368,934	1,190,647

SHREE KARTHIK PAPERS LIMITED

Particulars	Amt in Rs.	
	Year ended June 30, 2014	Year ended June 30, 2013
2.15 - SHORT TERM LOANS & ADVANCES		
Advance to Suppliers	4,950,707	4,755,292
Advance to Staff	-	-
<u>Others</u>		
TDS	60,739	273,061
TOTAL	5,011,446	5,094,229
2.16- Revenue from Operations		
Sale of Products	324,726,288	301,675,041
TOTAL	324,726,288	301,675,041
Note: Sale of Products		
Sale of Product comprises		
Paper	324,726,288	301,675,041
Total Sale of Manufactured Goods	324,726,288	301,675,041
2.17 Other Income		
Other Income Comprises		
Insurance (TRANSIT)	349,452	348,410
Interest (EB)	607,393	465,808
Miscellaneous Receipts (car sales)	-	39,795
Insurance Claimed	9,941	135,722
Waste Sales	5,795	-
Total Other Income	972,581	989,735
2.18 Cost of Raw Materials Consumed		
Opening Stock	19,439,045	34,290,990
Add : Purchases and Expenses	224,883,625	185,722,498
	244,322,670	220,013,488
Less : Closing Stock	36,327,941	19,439,045
Total	207,994,729	200,574,443

SHREE KARTHIK PAPERS LIMITED

Particulars	Amt in Rs.	
	As at June 30, 2013	As at June 30, 2012
2.19 Changes in Inventories of Finished Goods, WIP & Stock - in - Trade		
<u>Inventories at the end of the year:</u>		
Finished goods	32,331,736.00	26,962,039.80
Work-in-progress	19,445,500.00	17,974,693.20
Stock-in-trade	-	-
	51,777,236.00	44,936,733.00
<u>Inventories at the beginning of the year:</u>		
Finished goods	26,962,039.80	19,214,485.00
Work-in-progress	17,974,693.20	16,756,115.00
Stock-in-trade	-	-
	44,936,733.00	35,970,600.00
Net (Increase)/ Decrease	(6,840,503.00)	(8,966,133.00)
2.20: Employee Benefits Expenses		
Salaries and Wages	10,180,248	10,380,654
Contributions to provident and other funds	486,243	449,369
Bonus & Ex-gratia	311,075	356,375
Gratuity	-	102,114
Staff Welfare	233,906	341,844
Total	11,211,472	11,630,356
2.21 Finance Costs		
(a) Interest expense on:		
(i) Borrowings	-	-
(ii) Car Loan	111,244	34,387
(iii) Others		
- Interest on delayed / deferred payment of income tax		-
- Bank Commission and Charges	339,518	687,425
(b) Other borrowing costs	17,900,247	13,190,523
(c) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)	-	-
Total	18,351,009	13,912,335

SHREE KARTHIK PAPERS LIMITED

_Amt in Rs.

Particulars	As at June 30, 2013	As at June 30, 2012
2.22: Other Expenses		
Stores, spares, tools dye stuffs	7,431,951	3,283,299
Office Maintenance	10,815	23,086
Machinery Maintenance	7,619,311	202,415
Office Equipments Maintenance	130,391	83,228
Electrical Maintenance	655,651	291,617
Vehicle Maintenance	597,702	651,872
Rent	792,000	652,000
Power, fuel and water charges	61,736,037	63,302,806
Legal Expenses	-	134,527
Insurance	268,569	195,395
Rates and Taxes	326,064	318,444
Rebate, Commission and Discount	116,275	18,617
Royalty Charges	-	554,050
Packing and Forwarding	6,573,498	6,314,296
Travelling & Conveyance Local	121,525	299,714
Advertisement	32,690	45,575
Postages, Telegrams and Telephone	245,403	263,189
Consultancy and Professional charges	135,146	225,000
General Expenses	438,359	205,409
Remuneration to Auditors	120,000	185,320
Total	87,351,386	77,249,859

Notes:-

(i) Payments to the auditors comprises (net of service tax input credit, where applicable):

As auditors - statutory audit	75,000	75,000
For taxation matters	25,000	15,000
For company law matters	-	-
For management services	-	-
For other services	20,000	90,000
Reimbursement of expenses	-	5,320
Total	120,000	185,320

(Sd./-) M.S. VELU
Chairman and Managing Director

(Sd./-) Mrs. S.S VELU
Director

As per our report of even date
For **Giri & Co.**,
Chartered Accountants
F.R.No. 006702S

(Sd./-) R. GIRI
Senior Partner
M.No 025458

Place : Coimbatore
Date : 21.08.2014

SHREE KARTHIK PAPERS LIMITED

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention on accrual basis and in accordance with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

b. FIXED ASSETS

Fixed Assets are stated at cost (less CENVAT, wherever applicable). Cost includes related duties, taxes, freight and installation expenses.

Advances paid towards the acquisition or construction of fixed Assets and the cost of assets not put to use as at the reporting date are disclosed under Capital Work in progress.

c. DEPRECIATION

Depreciation on the assets has been provided on Straight Line Method as per Schedule XIV to the Companies Act, 1956.

d. INVESTMENTS

Investments being long term are stated at Cost.

e. INVENTORIES

Finished Goods	At Cost
Stock in Process	At Cost
Raw Materials	At Cost
Consumable & Stores	
Fuel Item	At Cost

f. GRATUITY

Provision for gratuity has been made for the eligible employee.

2. CONTINGENT LIABILITIES

Contingent liabilities have not been provided for. The same will be met as and when they arise.

3. SALES

Net sales include sale of products manufactured exclusive of Excise Duty and Sales/VAT Tax charged to customers.

4. As required by MSME Development Act 2006, the dues outstanding for more than 45 days to Micro, Small and Medium Enterprises are given below :-

	in Rs.
Jaya Enterprises	6,32,535 /-
Venkateswara Minerals	2,64,676 /-
Bengal Polysacks	6,44,295/-
Sri Lakshmi Paper Products	2,83,520/-

The Company has not received from its vendors/ suppliers about their status under the MSME Development Act 2006 and hence disclosing the amounts unpaid as at the end of the year.

5. Sundry Debtors, Creditors, Unsecured Loans and Loans and Advances are subject to confirmation and reconciliation and are stated at the book balance thereof. Similarly, the balance of Share Application money with Vysya Bank is subject to confirmation and reconciliation.
6. The company is not covered by E S I regulation.
7. Remuneration to auditors includes:
- a. Statutory Audit

in Rs.

	30.06.2014	30.06.2013
Fee for audit	45,000/-	40,000/-
Fee for Tax Audit	25,000/-	15,000/-
For Expenses	30,000/-	30,000/-

- b. Internal Audit

in Rs.

	30.06.2014	30.06.2013
Fee for audit	20,000/-	60,000/-

SHREE KARTHIK PAPERS LIMITED

8. Information pursuant to provisions of part II of Schedule VI to the Companies Act 1956.

A. Quantitative Information

	30.06.2014	30.06.2013
I) MANUFACTURING ACTIVITY :-		
Installed Capacity and Production		
a. Installed Capacity	13,350 MT	13,350 MT
b. Actual Production	10,434 MT	11,405 MT
Sale of Finished Goods – Paper	10,372 MT	11,456 MT
	Rs.32,47,26,440/-	Rs.30,16,75,041/-
Raw Material Consumption :		
Waste Paper – Indigenous	16,060 MT	13,560 MT
	Rs.20,79,94,729/-	Rs. 20,05,74,443/-
Chemicals	Rs.1,66,94,400/-	Rs. 1,68,41,562/-
Stock of Finished Goods	642 MT	562 MT
	Rs.3,23,31,736/-	Rs. 2,69,62,040/-

9. TAXATION

The company has no liability towards income tax, due to its accumulated losses.

Deferred tax Liability is recognized on timing differences of depreciation between Income Tax and Books of Accounts. The benefit of carry forward losses permissible, which company is certain to realize with future profit is arrived as Deferred Tax Asset. The Net of DTA and DTL are recognized in the financial statement.

10. RELATED PARTY TRANSACTION

a). List of related parties :-

i) Key Management Personnel

M S Velu - Managing Director

Vignesh Velu - Director

Smt. S.S. Velu - Director

b). Transactions with Related Parties :-

Key Managerial Personnel

Remuneration to Director Mr. Vignesh Velu 24,00,000

Interest paid to Mr. M.S.Velu 15,891,310

Interest paid to Mr. Vignesh Velu 821,674

Interest paid to Smt.S.S.velu 1,187,263

Unsecured Loan O/s. as on 30.06.2014

Mr. M S Velu - Managing Director 159,319,850

Mr. Vignesh Velu -Director 16,796,408

Smt S.S. Velu - Director 21,242,544

SHREE KARTHIK PAPERS LIMITED

Other Related Parties

- l) a. Relationship : Associate Company Shree Ganesh Gears Pvt.,Ltd
- b. Nature of Transactions : Purchase of wind energy power Rs.60,77,186/-
- c. Outstanding balance as on 30.06.2013 : Rs.20,77,116/-
- d. Amount Paid during the year : Rs.85,89,030/-

11. SEGMENT REPORTING

The company manufactures and sells only one product, namely writing and printing papers. The company finds no risks involved in the revenue and expenses of the transaction

12. EXPENDITURE IN FOREIGN CURRENCY

- a. Value of imports on CIF basis during the year NIL
- b. Expenditure in Foreign Currency during the year NIL
- c. Earnings in Foreign Currency during the year NIL

13. DETAILS OF REMUNERATION TO DIRECTORS:

in ₹

Particulars	30.06.2014			30.06.2013		
	M.Director	Director	E.Director	M.Director	Director	E.Director
Salary p.a.	Nil	Nil	2400000/-	Nil	Nil	2400000/-
Perquisites	Nil	Nil	Nil	Nil	Nil	Nil

14. Previous year figures have been regrouped / rearranged wherever necessary to confirm to this year's classification / comparison

(Sd./-) M.S. VELU
Chairman and Managing Director

(Sd./-) Mrs. S.S VELU
Director

As per our report of even date
For **Giri & Co.,**
Chartered Accountants
F.R.No. 006702S

(Sd./-) R. GIRI
Senior Partner
M.No 025458

Place : Coimbatore
Date : 21.08.2014

Proxy

Attendance Slip